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Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGRE-00 AID-05 OPIC-03 IGA-02
CIAE-00 COME-00 DODE-00 DOTE-00 FMC-01 INR-07
NSAE-00 CG-00 DLOS-09 OES-07 SSO-00 INRE-00 L-03
/055 W
----------028824 211640Z /47
O 211530Z JUN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC IMMEDIATE 6420

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DEPT PASS AGRICULTURE, AID AND OPIC

EO 11652: NA
TAGS: EAID, AGR, EFIN, BAGB, BDIS, BENC, EG
SUBJ: UNLOADING FACILITY FOR BULK GRAIN IN PORT SAID

1. SUMMARY: LOCAL AUTHORITIES IN PORT SAID HAVE REFUSED PERMIT SHIP CARRYING 44,000 TONS TITLE I AMERICAN WHEAT ENTER PORT AND OFFLOAD AT NEW CONVEYOR OFFLOADING SYSTEM OWNED BY AMERICAN COMPANY. EMBOFFS CONTACTED MIN SUPPLY TAWFIK WHO PLEDGED TO DO UTMOST BREAK LOGJAM. END SUMMARY

2. MARINE SHIPPING CORP, WHICH IS APPARENTLY SISTER ORGANIZATION TO RADMAR TRADING CORP, 551 FIFTH AVE, SUITE 3800, NY 10017, TEL (212) 867-0888, HAS CONTRACT WITH GASC (GENERAL AUTHORITY FOR SUPPLY COMMODITIES, PURCHASING ENTITY FOR MIN OF SUPPLY), TO UNLOAD 2,500 MT BULK GRAIN DAILY ON BASIS 20 DAYS PER MONTH, OR ANNUAL TOTAL 600,000 MT, AT PORT SAID. PROJECT INVOLVES USING VESSEL SS OBSERVOR, WHICH WAS STRANDED IN SUEZ CANAL DURING 67 WAR, AS FLOATING EXTENSION TO QUAY IN ABBAS BASIS IMMEDIATELY ADJACENT TO CANAL. OBSERVOR HAS BEEN COMPLETELY REFITTED WITH VACUATORS AND CONVEYOR SYSTEM WHICH MAKE IT POSSIBLE TO UNLOAD GRAIN FROM VESSEL
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ALONGSIDE EITHER INTO OBSERVOR HOLDS (30,000 MT CAPACITY) OR VIA SECOND CONVEYOR TO BIN STORAGE FACILITY ON SHORE, ALSO WITH PLANNED 30,000 MT CAPACITY. CONVEYOR FROM SHIP TO SHORE CAN ALSO LOAD DIRECTLY INTO HOPPER THRUCKS SINCE IT RUNS OVER ROADWAY.

3. CONTRACTED CAPACITY OF 600,000 MT ANNUALLY WOULD APPROX

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TRIPLE PRESENT UNLOADING CAPACITY PORT SAID, ACCORDING TO
EX VP OF MARINE SHIPPING CORP LOUIS BRUER (NATURALIZED US CIT
OF YUGOSLAV BIRTH). IN ADDITION, EXTENSION OF UNLOADING SPACE
INTO DEEPER WATER MAKES IT POSSIBLE TO UNLOAD SHIPS OF UP
80,000 MT WHEREAS NO EGYPTIAN PORT CAN PRESENTLY UNLOAD
VESSELS LARGER THAN 30,000 MT. BRUER CLAIMS HE CAN ACTUALLY
UNLOAD UP TO 6,000 MT DAILY, AND THAT SYSTEM HAS ABILITY TO
RELOAD GRAIN FROM HOLDS OF OBSERVER INTO LIGHTERS IF DESIRED
(BUT CANNOT MOVE GRAIN FROM SHORE STORAGE FACILITY BACK TO
OBSERVER). OBSERVER PRESENTLY LOCATED SHORT DISTANCE FROM ABBAS
BASIS BUT BRUER CLAIMS VESSEL CAN BE MOVED INTO POSITIONS
IN 3-4 HOURS. CONVEYOR FROM OBSERVER TO SHORE IN PLACE BUT
STORAGE BINS ON LAND NOT YET CONSTRUCTED.

4. BRUER WANTED SOUTHERNMOST DOCK OF THREE AVAILABLE IN ABBAS
BASIS BECAUSE OF MORE PROTECTED LOCATION BUT SUEZ CANAL
AUTHORITY INSISTED HE USE NORTHERNMOST DOCK WHERE SHIP TO
SHORE CONVEYOR SYSTEM NOW IN PLACE. IN ADDITION, BRUER EN-
COUNTERED LOCAL OPPOSITION TO PROJECT FROM BEGINNING, APPAR-
ENTLY MAINLY BECAUSE OF FEAR IT WULD ELIMINATE JOBS FOR
STEVEDORES AND OTHERS. CONSTRUCTION OF SHIP TO SHORE CONVEYOR
WAS PICKETED AT TIME, SUPPORT FOR CONVEYOR WAS KNOCKED DOWN BY
DELIBERATE ACTION OF TRUCK DRIVER NOW IN JAIL, AND BRUER WAS
UNABLE RENT CRANES NEEDED FOR CONSTRUCTION OF CONVEYOR FROM
LOCAL AUTHORITIES IN PORT SAID (SUEZ CANAL AUTHORITY FINALLY
PROVIDED THEM). PORT SAID AUTHORITIES NOW CLAIM PROJECT MUST
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BE MOVED TO SOUTH END OF ABBAS BASIN ORIGINALLY PREFERRED BY
BRUER TO AVOID PORT CONGESTION.
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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGRE-00 AID-05 OPIC-03 IGA-02
CIAE-00 COME-00 DODE-00 DOTE-00 FMC-01 INR-07
NSAE-00 CG-00 DLOS-09 OES-07 SSO-00 INRE-00 L-03
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O 211530Z JUN 77
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DEPT PASS AGRICULTURE, AID AND OPIC

5 VESSEL SS YANXILAS, GREEK REG, HAS ARRIVED PORT SAID WITH 44,000 TONS TITLE I WHEAT LOADED IN NEW ORLEANS WITH ORDERS TO DISCHARGE AT OBSERVER SITE. AS BEST WE CAN DETERMINE SITUATION, GOV OF PORT SAID HAS OVERRULED MIN OF SUPPLY, SUEZ CANAL AUTHORITY, AND OTHERS, AND DENIED PERMISSION FOR OBSERVER TO MORE INTO POSITION OR FOR YANXILAS TO UNLOAD THERE. YANXILAS WAS ORDERD BY PORT SAID AUTHORITIES TO MOVE TO ALEXANDRIA BUT MASTER HAS REFUSED ON BASIS HIS CHARGER CALLS FOR DISCHARGE PORT SAID. YANXILAS NOW RECEIVING DEMURRAGE IN CONVERTIBLE CURRENCY AT COST OF MINSUPPLY.

6. MISSION OFFICERS MET WITH MIN OF TRADE AND SUPPLY ZAKARIA TAWFIK ABDUL FATTAH AT THEIR REQUEST ON JUNE 21. WHILE MINSUPPLY OFFICIALS HAVE BEEN WORKING ON PROBLEM ALL WEEKEND, MIN TAWFIK SEEMS UNFAMILIAR WITH SITUATION UNTIL HIS RETURN TO CAIRO PREVIOUS EVENING FROM ALEXANDRIA. DR AHMED FOUAD MIKAWI, DEPCHAIRMAN OF GASC, AND SEVERAL OTHER MINSUPPLY OFFICIALS WERE ALSO PRESENT AT MEETING.

7. TAWFIK, MIKAWI AND OTHER EGYPTIAN OFFICIALS MADE HALF-HEARTED EFFORT TO DEFEND ACTIONS BY AUTHORITIES IN PORT SAID,
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POINTING OUT THAT BRUER DOES NOT HAVE SHORE STORAGE FACILITIES IN PLACE TO RECEIVE GRAIN FROM YANXILAS. MISSION OFFICERS POINTED OUT THAT STORAGE ON OBSERVER, PLUS GRAIN THAT CAN BE MOVED OUT OF PORT DURING TIME NEEDED TO UNLOAD YANXILAS, SHOULD MORE THAN COVER QUANTITY WHEAT INVOLVED. ALSO DREW ATTENTION TO FACT THAT LABOR UNREST IN PORT SAID AT LEAST PARTLY RESPONSIBLE FOR FACT THAT COMPLETE SYSTEM NOT IN POSITION AND THAT FAILURE TO QUICKLY RESOLVE SITUATION CONTRAVENES GOE COMMITMENT TO PROVIDE PRIORITY DISCHARGE FOR TITLE I CARGOES AND LIKELY RESULT IN VERY UNFAVORABLE PUBLICITY IN US.

8. AT CONCLUSION MEETING, MIN TAWFIK OFFERED TO MEET WITH BRUER IN FORMER'S OFFICE CAIRO AT 1930 JUNE 21. MISSION TRYING CONTACT BRUER IN PORT SAID BUT UNSUCCESSFUL AT 1530. MIN ALSO PLACED CALLS TO SUEZ CANAL AUTHORITY, GOV OF PORT SAID AND MIN OF MARITIME TRANSPORT IN EFFORT REACH AT LEAST TEMPORARY SOLUTION TO ALLOW DISCHARGE YANXILAS. TAWFIK INDICATED MINSUPPLY WILLING CONSIDER RENEGOTIATION OF CONTRACT WITH BRUER IF

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LATTER FORCED TO MOVE OPERATION TO SOUTH END ABBAS BASIN.

9. COMMENT: WE DOUBT IF EXPLANATIONS TO DATE ARE REAL REASONS WHY PROJECT HAS BEEN HARASSED IN PAST AND PRESENT IMPASSE REACHED. APPARENTLY LOCAL INTERESTS WHO PROFIT FROM EXISTING INEFFICIENCIES HAVE BEEN ABLE PRESSURE GOV OF PORT SAID INTO BLOCKING PROJECT WHICH WILL SAVE GOE DOLS 5-7 PER MT IN SHIPPING COSTS (TAWFIK'S FIGURE) BECAUSE OF USE LARGER VESSELS, PLUS SUBSTANTIAL SAVINGS IN UNLOAD COSTS AND GREATER CAPACITY IN PORT SAID. WE WILL CONTINUE PRESS GOE FOR QUICK SOLUTION. DEPT MAY WISH CONSIDER APPROPRIATE REPRESENTATION TO EGYPTIAN EMB WASHINGTON.
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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Secure: OPEN
Status: NATIVE
Subject: UNLOADING FACILITY FOR BULK GRAIN IN PORT SAID
TAGS: EAID, EAGR, EFIN, BAGB, BDIS, BENC, EG, US
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Type: TE
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